



LEASEHOLD TITLE REFORM - SELECT COMMITTEE INQUIRY FOLLOWS LACK OF GOVERNMENT ACTION

JULY 2018

A cross-party select committee has opened an inquiry into the government's progress on tackling unfair leasehold practices.

The inquiry follows last year's consultation by the government on tackling unfair practices in the leasehold market.

In the foreword to [the summary of responses to last year's consultation](#) Sajid Javid, then Secretary of State for Communities and Local Government, called the practice of selling leasehold new-build houses "practically feudal and entirely unjustifiable", noting that some of these leases contain terms so onerous that owners may be unable to find a buyer in the future.

Leasehold has historically been useful for multiple ownership of a building with common areas and shared infrastructure. However, more recently freeholders have been granting long leases over houses and using ground rents which double every decade to preserve a future revenue stream.

According to the summary of responses, 15% of the registrations of new build houses in 2016 were leasehold. 57% of the respondents to the 2016 National Leasehold Survey said they regretted buying a leasehold property.

80% of the respondents to last year's survey believed that the sale of new build leasehold houses should not be allowed and the government announced in December they would ban the practice. The government also promised solutions for existing lessees of houses before parliament's summer recess this year and pledged to require that ground rents for new long leases, whether houses or flats, would be set at a peppercorn.

However, despite the government's promise to bring forward legislation "as soon as Parliamentary time allows", no draft bill has been laid before Parliament.

This lack of action prompted Clive Betts, Chair of the Communities and Local Government Committee, to put his concerns about the lack of action [in writing](#) to James Brokenshire, successor to Sajid Javid as Secretary of State for Housing, Communities and Local Government.

In [his response](#) on 23 July, the Secretary repeated the intention to put forward legislation "as soon as Parliamentary time allows" and announced his plan to "consult on more specific proposals over the summer".

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The day after James Brokenshire's response, the Communities and Local Government Committee launched their inquiry into the progress made on leasehold reform since last year's consultation. The committee is inviting submissions on the adequacy of the government's programme of work.

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